UNITED STATES PATENT AND TRADEMARK OFFICE

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Examiner: KIRSTEN SACHWITZ APPLE Group Art Unit: 3628

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First Named Inventor: James Birle

Title: Convertible financial instruments with contingent payments

RESPONSE TO OFFICE ACTION

This paper responds to the Office Action dated April 20, 2006.

Double patenting. The Examiner notes correctly (Office Action page 2) the existence of copending application number 10/476,705 (published as US 2005/0080706), disclosed by the undersigned in an Information Disclosure Statement dated March 12, 2006, which reference was considered by the Examiner. As the Examiner correctly notes, until such time as the claims in the present application or the copending application are patented, no action is required on this matter. Upon allowance of the claims in either of the two applications the undersigned will, of course, take whatever steps are required to avoid any problem of double patenting.

Promising. The Examiner notes (Office Action pages 2-3) that each independent claim recites "promising, pursuant to the financial instrument ..." to perform some act. The Examiner then expresses the view, though without any support for this view, that "nothing is actually happening" when someone promises something. The Examiner further puts forth the view that "promising" is indefinite. Applicant's attorney disagrees with this view, and motivated by the case of *In Re Ahlert and Kruger*, 165 USPQ 418 (CCPA 1970) applicant's attorney hereby challenges this view and asks whether the Examiner can show support for this view.

It is respectfully suggested that it is incorrect to say that "nothing is actually happening" when someone promises something. A person who signs a credit card slip in a retail store is "promising" to pay for the merchandise. A person who buys a house subject to a mortgage is "promising" to make mortgage payments.

If either of these persons were to adopt the view suggested by the Examiner, namely that "nothing happened" when the promise was made, they would soon lose their credit card or their house. There is a concrete and tangible result from such "promising," namely that somebody will lose their house if they fail to do what they promised.

In any event it is quite clear that there is nothing "indefinite" about "promising". See three exemplary US patents among many in which there was no indefiniteness problem regarding "promising".

See for example claim 8 of US patent number 5056019 to Schultz, et al. (Automated purchase reward accounting system and method, October 8, 1991) which has a method step of:

> defining a plurality of purchase reward offers, each purchase reward offer ***promising*** a reward to a plurality of offerees for purchasing at least one reward product ...

See for example claim 7 of US patent number 6021400 to Gallacher, et al. (Multi-stage transaction executed from multiple ATMs, February 1, 2000) which has a method step of:

> transmitting a message ***promising*** payment to a dealer selling merchandise to the customer.

See for example claim 10 of US patent number 6460021 to Kirksey (Collaterally secured debt obligation and method of creating same, October 1, 2002) which has a method step of:

> creating a financing entity for lending monies to a plurality of property owners in a group for the purpose of financing a plurality of properties and thereafter causing such entity to ... obtain cross-collateralized lien and loan agreements from owners in the group ***promising*** to pay periodically his or her own and each and every other owners' interest due ...

The Examiner's proposed remedy is improper. It is also noted that the Examiner's proposed remedy for this supposed indefiniteness is simply to strike out the "promising" wording from each claim "everywhere it appears". This is impermissible. The claims must be considered as a whole.

> In determining the eligibility of respondents' claimed process for patent protection under section 101, their claims must be considered as a whole. It is inappropriate to dissect the claims into old and new elements and then to ignore the presence of the old elements in the analysis. This is particularly true in a process claim because a new combination of steps in a process may be patentable even though all the constituents of the combination were well known and in common use before the combination was made.

(*Diamond v. Diehr*, 450 U.S. at 188-89, 209 USPQ at 9, cited at MPEP section 2106.) The impropriety of striking out particular elements of the claim is particular clear where, as here, the Examiner takes

what is left after the striking-out and says that what remains is "old".

Reconsideration of this rejection is requested.

Non-statutory subject matter. The Examiner rejects claims 10-25, 35-43, 52-59, 62-75, 84-90, 92, and 95 as supposedly "directed to non-statutory subject matter" under 35 USC Section 101, because they recite "a financial instrument" or an "offering document". The Examiner offers nothing in support of this view, which is apparently that if the claimed article of manufacture is on paper, it is somehow automatically not statutory subject matter. Applicant's attorney disagrees with this view, and motivated by the case of *In Re Ahlert and Kruger*, 165 USPQ 418 (CCPA 1970) applicant's attorney hereby challenges this view and asks whether the Examiner can show support for this view.

The Examiner's attention is respectfully drawn to the USPTO's *White Paper on Automated Financial or Management Data Processing Methods [Business Methods]* dated February 24, 2005, a copy of which is attached for convenient review. The USPTO's White paper says:

> Financial apparatus and method patents date back to this period [1790, the time of Thomas Jefferson and the first patent statute]. These early financial patents were largely ***paper-related*** products and methods. The first financial patent was granted on March 19, 1799, to Jacob Perkins of Massachusetts for an invention for "Detecting Counterfeit Notes." All details of Mr. Perkins invention, which we presume was a device or process in the printing art, were lost in the great Patent Office fire of 1836. We only know of its existence from other sources. Mr. Perkins was perhaps our young nation's most prolific early inventor with nearly 1% of all patents from our first quarter century. Upon his death in 1849, his obituary filled three pages of the Commissioner of Patents annual report to Congress. The first financial patent for which any detailed written description survives was to a printing method entitled "A Mode of Preventing Counterfeiting" granted to John Kneass on April 28, 1815. The first fifty years of the U.S. Patent Office saw the granting of forty-one financial patents in the arts of bank notes (2 patents), bills of credit (1), bills of exchange (1), check blanks (4); detecting and preventing counterfeiting (10), coin counting (1), interest calculation tables (5), and lotteries (17). ***Financial patents in the paper-based technologies have been granted continuously for over two hundred years***. See Appendix A for sample Patents.

(USPTO's *White Paper on Automated Financial or Management Data Processing Methods [Business Methods]* dated February 24, 2005, emphasis added.)

Here are some of the "sample patents" directed to paper-related inventions, listed by the USPTO in Appendix A of its *White Paper on Automated Financial or Management Data Processing Methods*

[Business Methods]:

US Patent number	***Title***	***Inventor***	***Date***
X2301	Bank Note Printing	Kneas	April 28, 1815
871	Bank Note	Watson	August 3, 1838
63889	Hotel-Register	Hawes	April 16, 1857
138891	Revenue Stamps	Hunter	May 13, 1873
575731	Insurable Property Chart	Powers et al.	January 26, 1897
853852	Insurance System	Adams	May 14, 1922
1406561	Business Form	Howard	February 14, 1922
3556563	Booklet and Cards for Use In A Limited Credit System	Scheinberg et al.	July 9, 1969

See also claim 1 of United States Patent number 5062666 to Mowry et al. ("Financial instrument and method of making"), mentioned at page 5 of the specification and cited by the applicant herein in an Information Disclosure Statement dated February 7, 2003 and considered by the Examiner:

> An international financial instrument comprising a face having a first area and a second area, a multi-letter international monetary code printed on said first area, an amount printed on said second area, said monetary code comprising a three letter code consisting of letters printed in a negative pattern and formed by a series of rows of printed dots to define an outline of each of said letters.

These many patents granted by the USPTO (and there are many others) show that the mere fact of a claim being related to a paper document such as a financial instrument or an offering document does not and cannot automatically cause the claimed invention to be non-statutory subject matter.

It may be helpful to consider another type of claimed invention, namely a claim directed to computer-readable media ("CRM" or "In Re Lowry" claim). For many years, Examiners routinely rejected claims directed to computer-readable media containing novel and unobvious content, but these refusals stopped after *In re Lowry,* 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994). Since that time, Examiners have been directed not to reject claims to such computer-readable media, as discussed for example at MPEP section 2106(IV)(B)(1):

> When functional descriptive material is recorded on some computer-readable medium it

> becomes structurally and functionally interrelated to the medium and will be statutory in most cases since use of technology permits the function of the descriptive material to be realized. Compare *In re Lowry*, 32 F.3d 1579, 1583-84, 32 USPQ2d 1031, 1035 (Fed. Cir. 1994) (claim to data structure stored on a computer readable medium that increases computer efficiency held statutory) and *Warmerdam*, 33 F.3d at 1360-61, 31 USPQ2d at 1759 (claim to computer having a specific data structure stored in memory held statutory product-by-process claim).

By analogy, when functional descriptive material, such as the material set forth in the present rejected claims, is recorded on a "financial instrument" or an "offering document," it likewise "becomes structurally and functionally interrelated to the medium and will be statutory in most cases." Use of the financial instruments or offering documents "permits the function of the descriptive material to be realized."

Reconsideration is requested.

Art rejection. The Examiner rejects all claims (Office Action pages 3-4) over a two-way combination of US patent number 4,648,038 to Roberts ("Roberts") and a 1991 article published in the Harvard Law Review entitled *Distress-Contingent Convertible Bonds: A Proposed Solution to the Excess Debt Problem* ("HLR").

As best understood by the undersigned, the Examiner is citing Roberts for the proposition that it was known to make convertible bonds. If this is the reason for citing Roberts, it is noted that the applicant admitted the existence of convertible bonds in the specification at page 2.

As best understood by the undersigned, the Examiner is citing HLR for the proposition that it was known to make bonds that are mandatorily convertible, that is, bonds which on their own terms present at the time of issuance may under certain circumstances become automatically converted to equity even if the bondholder might, at the time of the conversion, prefer that such conversion not occur.

HLR, then, actively teaches away from the invention. The claimed invention merely sets forth conversion "upon request" (here, the request of the holder of the bond), whereas HLR suggests the opposite, namely that the bond get converted "automatically" even if the holder would not want it to happen.

As such, it is suggested that one skilled in the art, seeking somehow to arrive at the claimed invention in which conversion does not automatically happen but only happens if the holder requests it, would never turn to HLR which teaches the opposite.

The Examiner is also respectfully reminded of the discussion above with respect to the problem of the Examiner striking out substantive limitations in the claims prior to examining the claims for novelty and unobviousness. On a claim-by-claim basis, the undersigned will be asking the Examiner where ***all*** of the limitations of the claims may be found in the cited references, or will be asking in the alternative that the claims be allowed.

Claim 1. Claim 1, which is not being amended herein, is repeated here for convenient reference with letters denoting particular limitations:

> A method performed with respect to a stock company, shares of stock of the company trading at a price, the method further performed with respect to a holder of a financial instrument, the instrument having a market price, the method comprising the steps of:
>
> (a) issuing the financial instrument indicative of a principal amount at maturity and receiving an issue price therefor;
>
> (b) promising, pursuant to the financial instrument, to repay said principal upon predetermined conditions and according to a predetermined term;
>
> (c) promising, pursuant to the financial instrument, to convert the instrument into a number of shares of stock of the company;
>
> (d) promising, pursuant to the financial instrument, to make a payment to the holder with respect to passage of a time interval in the event the market price of the instrument is in a predetermined relationship to an accreted value thereof, the accreted value defined as the issue price of the instrument plus an economic accrual of a portion of a difference between the issue price and the principal amount at maturity; and
>
> (e) converting the instrument upon request.

The Examiner seems to suggest that HLR provides limitation (e), which it does not. HLR teaches away from "upon request" by the holder and instead teaches that conversion should be forced upon the holder.

Nowhere in the Examiner's discussion of claim 1 does the Examiner explain where limitation (d) may

be found in the cited references, let alone explain where even a hint or suggestion of that limitation may be found. Instead the Examiner, without support, expresses the view that the Examiner may strike out that limitation and further expresses the view that the limitation "does not need to be found directly in the prior art reference." Applicant's attorney disagrees with this view, and motivated by the case of *In Re Ahlert and Kruger*, 165 USPQ 418 (CCPA 1970) applicant's attorney hereby challenges this view and asks whether the Examiner can show support for this view. The Examiner's attention is again respectfully drawn to the case of *Diamond v. Diehr* which requires that the claim be considered in its entirety.

The Examiner also states, in the discussion of claim 1 (Office Action page 5) that "it is clear that one would be motivated to better balance[] capital structure of a firm." The undersigned is unable to discern how this statement somehow renders claim 1 unpatentable. In any event it is noted that the applicant was well aware of the desire to balance the capital structure of a firm:

> Many business entities will have the ability to raise money by means of a mix of debt instruments (e.g. bonds) and equity instruments (e.g. stock). The mix selected by a particular business entity (often termed its "capital structure") will be influenced in a general way by prevailing interest rates, as well as by other factors such as the extent to which the market at a particular moment is willing to purchase newly issued instruments of one type or the other. Further, a particular business entity will have particular business circumstances which influence this mix, such as the amount of debt already outstanding, the entity's bond credit rating, and the price-to-earnings (P/E) ratio for the entity's stock. Because the entity's financial condition (particularly for publicly held entities) is reported according to generally accepted accounting principles, the effect on the reported financial condition of a particular change to this mix is often an important factor influencing this mix. Finally, the tax treatment of a particular change to this mix is also often an important factor influencing such decisions.

(specification, pages 1-2.) Of course it is desirable for an entity to be able to try to make good decisions about its capital structure (and indeed as best understood by the undersigned, this is is the point the Examiner was making in the quoted passage), and this was well known before the present invention was made. What was not obvious, however, was how to devise particular financial instruments and offering documents that made a big difference in the ability of an entity to do this.

Reconsideration is requested.

Claim 2, which is not being amended, is:

> The method of claim 1 wherein the predetermined relationship is that a predetermined function of the market price of the instrument is greater than 120 percent of the instrument's accreted value.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1.

In rejecting this claim, the Examiner purports to find an "implied 100%" figure somewhere in Fig. 5 of Roberts. The undersigned has diligently studied Fig. 5 of Roberts and is unable to find the number 100 nor any other stated percentage. It is requested that the Examiner point out with particularity where the limitation can be found, or in the alternative to allow the claim.

It is also noted that even if the Examiner were able to point to a place where a "100%" figure could be found in Roberts, that number is quite different from the 120% figure appearing in the claim. It is requested that the Examiner explain exactly how it is that 100% is somehow the same as 120%, or in the alternative to allow the claim.

It is also noted that it is not enough simply to find (say) the factor of "120%" at some random location within the cited reference – for a rejection to be sustained, the factor of 120% would need to be applied to a particular base, namely to "the instrument's accreted value". The undersigned has diligently tried to find any discussion of accreted value in Roberts in connection with Fig. 5, and was unable to find such a discussion. It is requested that the Examiner point out with particularity where there is any mention of accreted value in connection with a 120% factor in connection with Fig. 5, or in the alternative to allow the claim.

Even if the Examiner were to find all of these limitations in the reference, this would not suffice to justify rejecting the claim, because these limitations would need to provide "the predetermined relationship" that is central to element (d) of claim 1. The Examiner has, however, stricken element (d) from claim 1, and so cannot possibly claim to have found this limitation by which this predetermined relationship is determined.

Claim 3, which is not being amended, is:

> The method of claim 2 wherein the predetermined function of the market price is the average market price for a measurement period.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1. It is also noted that this claim should be allowed for the same reasons as were discussed above in connection with claim 2.

In rejecting this claim, the Examiner purports to find an "average market price [of the instrument] for a measurement period" being put to use as a a value to compare with "the accreted value" of the instrument, somewhere in Roberts Fig. 4, item 418. The undersigned has diligently studied Fig. 4 of Roberts and is unable to find any mention of an average market price of the instrument for a measurement period. It is requested that the Examiner point out with particularity where there is any mention of an average market price of the instrument in connection with Fig. 4, or in the alternative to allow the claim.

But even if the Examiner were able to point out where in Fig. 4 there is average market price of the instrument for a measurement period, this by itself would not justify rejecting the claim. The Examiner would need to find in the reference the structure set forth in Claim 3 (which incorporates Claim 2), namely that this "average market price of the instrument for a measurement period" is compared with "the accreted value" of the instrument. The undersigned has diligently studied Roberts and is unable to find a comparison of these two things. It is requested that the Examiner point out with particularity where such a comparison of these two things may be found, or in the alternative to allow the claim.

The Examiner also cites to page 1870 of HLR. The undersigned has diligently studied page 1870 of HLR and is unable to find any mention of an average market price of the instrument for a measurement period. It is requested that the Examiner point out with particularity where there is any mention of an average market price of the instrument in HLR, or in the alternative to allow the claim.

Even if the Examiner were to find all of these limitations in the reference, this would not suffice to justify rejecting the claim, because these limitations would need to provide "the predetermined function" that forms a part of "the predetermined relationship" that is central to element (d) of claim 1. The Examiner has, however, stricken element (d) from claim 1, and so cannot possibly claim to have

found this limitation by which this predetermined function and thus predetermined relationship is determined.

Claim 4, which is not being amended, is:

> The method of claim 1 wherein the time interval is six months.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1.

In rejecting this claim, the Examiner relies solely upon page 1870 of HLR. The undersigned has diligently studied page 1870 of HLR and is unable to find any mention of any time period, let alone a six-month time period. To the eye of the undersigned, the words "market value" cited by the Examiner are words which refer to an instantaneous value, not some value averaged over a six-month period. It is requested that the Examiner point out with particularity where there is any mention of averaging and a six-month period may be seen, or in the alternative to allow the claim.

Claim 5, which is not being amended, is:

> The method of claim 3 wherein the amount of the payment is selected to be the greater of:

- an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted, or
- a predetermined percentage of the average market price of the instrument for the measurement period.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1, as well as for the reasons discussed above in connection with claim 2, as well as for the reasons discussed above in connection with claim 3.

In rejecting this claim, the Examiner relies solely upon page 1870 of HLR. The undersigned has diligently studied page 1870 of HLR and is unable to find any mention of any portion of claim 5, let alone the whole claim. It is requested that the Examiner point out with particularity where there is any mention of "an amount of any dividend per share of the stock in the interval multiplied by the number of shares of stock into which the instrument may be converted" or "a predetermined percentage of the average market price of the instrument for the measurement period," or in the alternative to allow the

claim.

Even if the Examiner were to find the two values of which "the greater" is used, this would not suffice to justify rejecting the claim, because "the greater" of the two values would need to be "the amount of the payment," that is, the payment of element (d) of claim 1. The Examiner has, however, stricken element (d) from claim 1, and so cannot possibly claim to have found this limitation by which "the amount of the payment" is determined.

Claim 6, which is not being amended, is:

> The method of claim 1 wherein the payment is made over time.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1.

In rejecting this claim, the Examiner relies upon Roberts at Column 1, line 13, contained within the following single sentence:

> This invention relates to methods and apparatus for restructuring one or more debt obligations issued in the form of interest-bearing bonds, whether in registered form or in bearer form, whether trading at par or above or below par, whether or not the issue has a sinking fund, and whether the issue has a scheduled maturity date or is perpetual, into a serial issue of zero coupon bonds which provides ***a series of cash payments*** that is commensurate, on both a discounted basis and on a nondiscounted basis, with the scheduled cash payments of the interest-bearing bond(s).

(emphasis added.) To reject claim 6, it is not enough merely to find that someone, somewhere (here, Roberts) made "a series of payments over time." One would need to find "the payment" (here, the contingent payment of element (d) of claim 1) "over time". The Examiner has, however, stricken element (d) from claim 1, and so cannot possibly claim to have found the payment of that element to have been carried out "over time".

Reconsideration is requested.

Claim 7, which is not being amended, is:

> The method of claim 1 wherein the payment is made by adjusting the principal amount.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1.

In rejecting this claim, the Examiner relies upon Roberts at Column 1, line 41, contained within the following single sentence:

> The ***principal amount*** of the bond is repaid to the bondholder on one or more dates that are specified at the time of issue with the final installment payable on the bond's maturity date, which is commonly between one and forty years after the issue date of the bond.

(emphasis added.) To reject claim 7, it is not good enough merely to find some random place where some reference mentions the phrase "principal amount." One would need to find a place where some reference teaches making the payment of element (d) of Claim 1 "by adjusting the principal amount." The undersigned is unable to find any place in the cited portion of Roberts where there is any mention of achieving a payment "by adjusting the principal amount." It is requested that the Examiner point out with particularity where in Roberts there is such a mention of achieving a payment "by adjusting the principal amount" or, in the alternative, to allow the claim.

It is further noted that the Examiner has stricken element (d) from claim 1, and so cannot possibly claim to have found the payment of that element (d) to have been carried out "by adjusting the principal amount."

Reconsideration is requested.

Claim 8, which is not being amended, is presented with letters denoting elements for convenient reference:

> The method of claim 1 wherein the amount of the payment is determined as a function of a value selected from the set consisting of:
>
> (a) such dividends as holder of the underlying security would normally receive;
> (b) a value of a predetermined index;
> (c) a value of a reference security;
> (d) a value of a pool of securities;
> (e) a value of a pool of indices, and
> (f) a value of a pool of securities and indices.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1.

In rejection of claim 8 the Examiner relies upon item 418 in Fig. 4 of Roberts. The undersigned has diligently studied Roberts and is unable to find any of these six listed items alone or in combination. Indeed the undersigned performed a text search on the full text of Roberts (as it appears on the USPTO's full-text server) and is unable to find the word "dividend" or "index" or "reference security" or "pool" anywhere in Roberts.

It is further noted that the Examiner has stricken element (d) from claim 1, and so cannot possibly claim to have found the "determination of" the payment of element (d) at all.

Reconsideration is requested.

Claim 9, which is not being amended, is:

> The method of claim 1 further comprising the step of:
>
> - taking a tax deduction based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument.

It is noted at the outset that this claim should be allowed for the same reasons as were discussed above in connection with claim 1.

In this rejection, the Examiner relies upon Fig. 1A of Roberts, item 105. The undersigned has diligently studied the cited portion of Roberts and is unable to find such a taking of a tax deduction. Item 105 does not, so far as the undersigned can discern, contain the word "deduction" let alone the taking of a tax deduction based upon the value stated in claim 9.

It is noted that in the text discussion of item 104 (Fig. 1A), Roberts mentions a tax deduction. Roberts teaches that:

> The tax deductions are based on the interest payment amounts and adjustments for the original issue discount or premium of the bond.

(Roberts column 5, lines 16-18.) It is noted that in the text discussion of item 120 (Fig. 1B), Roberts again mentions a tax deduction. Roberts teaches that:

> The tax deduction for each of the new bonds for each period is based on the accretion in the

value of the bond during the period under the scientific interest method.

(Roberts column 6, lines 41-44.) So far as the undersigned can discern, Roberts teaches basing the tax deductions on "the interest payment amounts and adjustments for the original issue discount or premium of the bond" or upon "the accretion in the value of the bond during the period under the scientific interest method," neither of which bears any resemblance to the claim limitation, namely basing the tax deductions on " a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument." Roberts appears actively to teach away from the claim limitation, and thus ought not to be combined with HLR.

Reconsideration is requested.

It is noted that the Examiner did not examine any of claims 10-95 other than to suggest that each of claims 10-95 is supposedly similar to one or another of claims 1-9. The Examiner has not pointed out any ground for rejection of any of claims 10-95 above and beyond the grounds stated by the Examiner for claims 1-9. It is thus understood that if any of claims 1-9 are allowed, the claims which the Examiner suggests to be "similar" ought likewise to be allowed.

Claim 76, which is not being amended, is presented with letter identifiers for convenient reference:

> A method performed with respect to a financial instrument defined with respect to an underlying security, the underlying security trading at a price, the method further performed with respect to a holder of the financial instrument, the instrument having a market price, the method comprising the steps of:
> (a) issuing the financial instrument and receiving an issue price therefor;
> (b) promising, pursuant to the financial instrument, to convert the instrument into a number of the underlying securities, or to exchange the instrument for a number of the underlying securities;
> (c) promising, pursuant to the financial instrument, to make a payment to the holder upon ***the occurrence of a contingency of economic significance that is not remote or incidental;*** and
> (d) converting or exchanging the instrument upon request.

(emphasis added.) The undersigned has performed a text search upon Roberts (as it appears on the USPTO's full-text server) and has been unable to find "contingency" or "remote" or "incidental" and did not find those terms in this context upon a reading of HLR. It is respectfully requested that the Examiner point out with particularity where these terms may be found in one or another of the cited

references, or in the alternative to allow the claim.

The same comments apply with respect to the "contingency" of claims 91, 92, and 93.

Claim 92, which is not being amended, is:

> An offering document offering a financial instrument relating a stock company, shares of stock of the company trading at a price, the instrument having a market price, the instrument comprising:
> a provision obligating the company to repay the principal according to a predetermined term;
> a provision making the instrument convertible into a predetermined number of shares of stock of the company at a predetermined conversion price;
> a provision obligating the company to make a payment to the holder with respect to a contingency;
> the offering document further comprising ***an indication that the issuer will report income to the holder based upon a yield at which the issuer would issue a fixed-rate, nonconvertible debt instrument comparable to the financial instrument***.

(emphasis added.) The Examiner has not pointed to any place in the references where such an income-reporting indication appears. Allowance is requested. The same comment applies to claim 95.

Claim 94, which is not being amended, is:

> The method of claim 93 wherein the company is a parent of the entity.

The Examiner has not pointed to any place in the references where such parental relationship is set forth. Allowance is requested.

Respectfully submitted,

/s/

Carl Oppedahl
PTO Reg. No. 32746